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PRESS RELEASE

BGL BNP PARIBAS FINANCIAL RESULTS FOR THE YEAR TO 31 DECEMBER 2018

**A year of commercial growth and investment despite
a challenging market environment**

- **Net banking income rose by 8% to EUR 1.447 billion**
 - Luxembourg Retail and Corporate Banking recorded a substantial 12% rise in average deposits and 8% rise in average loan outstanding relative to 2017.
 - The Wealth Management business line performed well in a year dominated by the acquisition of ABN AMRO Bank (Luxembourg) S.A. Assets under management rose by 23% and there was a 10% increase in average loan outstanding.
 - Leasing International continued to expand its business in line with its strategy, achieving strong growth in average sums outstanding of 16%.
- **Overheads of EUR 763.9 million**
 - In addition to growth resulting from the absorption of new subsidiaries, the overheads figure reflects ongoing investment in strategic projects relating to commercial development and the provision of digital solutions for the banking and leasing divisions. Current operating expenses are entirely consistent with the development of the Bank's activities.
- **Group consolidated net profit excluding minority interests came to EUR 338.9 million**
- **High solvency maintained**
 - Own funds amounted to EUR 5.9 billion.
 - The solvency ratio stood at 22.6%, which is well above the regulatory minimum.

On 4 April 2019, the Ordinary General Meeting of Shareholders, chaired by Etienne Reuter, approved the consolidated financial statements of BGL BNP Paribas under IFRS (International Financial Reporting Standards) at 31 December 2018.

Net banking income reached EUR 1.447 billion, up 8% on 2017. Against a backdrop of low rates and particularly challenging market conditions in late 2018, commercial activity remained very strong in the various business sectors.

Luxembourg Retail and Corporate Banking achieved excellent growth in average loan outstanding of 8%, boosted by mortgages and investment loans. Average deposit volumes grew by 12%, largely due to excellent inflows from corporate clients associated with the development of international cash management services.

The **Wealth Management** business line, which absorbed the banking business of ABN AMRO Bank (Luxembourg) S.A. in 2018, posted growth of 23% in assets under management. All segments are showing improvement in terms of net capital inflow. Thanks to a bespoke range of financing solutions, Wealth Management's average loan outstanding grew by 10%.

The Bank took advantage of its status as a member of the international BNP Paribas Group to offer a comprehensive range of products and services to its corporate and institutional investor clients through its **Corporate and Institutional Banking** business line. The business line was successful in achieving its goals.

Leasing international's commercial development in strategic regions continued unabated. This generated average loan outstanding growth of 16%, which is partly attributable to several subsidiaries entering the consolidation scope.

Overheads were EUR 763.9 million, up 12% on 2017 (EUR 683.5 million). This rise is mainly attributable to several subsidiaries entering the consolidation scope, investments aimed at supporting the business development plan and digital transformation, and costs associated with absorbing ABN AMRO Bank (Luxembourg) S.A.

Gross operating income stood at EUR 683.1 million, up 3% on 2017 (EUR 661.8 million).

Cost of risk stood at EUR 60.4 million, i.e. still at a low level given outstandings in the region of EUR 32 billion.

The **share of the net profits of equity affiliates** (i.e. the share of net profits of subsidiaries in which the Bank does not have a majority shareholding), stood at EUR 1.1 million, compared with EUR 23.1 million in 2017. This decrease is primarily attributable to a change in company consolidation accounting, which previously used the equity method and now uses the global integration method.

Against a backdrop of persistently low rates and substantial investment, Group consolidated **net profit** stood at EUR 338.9 million in 2018 versus EUR 365.8 million in 2017.

At 31 December 2018, the **balance sheet total** stood at EUR 54.6 billion, which is 10% higher than 1 January 2018 and reflects the healthy development of business activities.

High solvency maintained

The Bank's solvency ratio was 22.6%, which is well above the regulatory minimum. With the Group's share of regulatory capital amounting to EUR 5.9 billion, BGL BNP Paribas' strength makes it well placed to back its clients' projects and investments.

Expansion of private banking activities

One of the key events of the past year was the acquisition of ABN AMRO Bank (Luxembourg) S.A. Announced on 20 February 2018, the transaction was finalised on 3 September 2018 and the bank's staff and clients were transferred in early November. Amid consolidation on the private banking market, this acquisition enabled BGL BNP Paribas to make its position in Luxembourg even stronger.

In February 2019, BGL BNP Paribas' standing as a leader in the private banking sphere was recognised by the magazine *Euromoney*, which ranked BGL BNP Paribas first in the "Best Private Banking Services Overall" category during the Private Banking Awards 2019. BGL BNP Paribas also came first in Luxembourg for its services to super affluent clients (USD 1 million to USD 5 million) and High Net Worth clients (USD 5 million to USD 30 million), and topped the rankings for philanthropic advice and social impact investing.

Major investments in client services, innovation and digitisation

The Bank constantly strives to offer a bespoke service tailored to the expectations and needs of the various categories of clients. A prime example of this is the Business Centre dedicated to self-employed professionals that the Bank set up to complement the existing offer of its seven Corporate Business Centres and four Private Banking Sites. It has also continued to invest in the digitisation of its channels, as part of an omnichannel approach that allows clients to interact with the Bank via their preferred channel, regardless of their geographical location.

In early 2018, BGL BNP Paribas was the first bank to launch a long-term vehicle leasing solution for retail clients on the Luxembourg market. The Private Lease solution, which is also available to self-employed professionals, offers clients an alternative to buying a car outright, as well as the chance to drive a new vehicle of their choice without going over their budget or worrying about unexpected fees. Developed in close collaboration with Arval Luxembourg, the Private Lease solution is the perfect example of the opportunities for innovation that arise within a large group.

Over the past year, the Bank also focused on the staff experience. For example, it set up an onboarding procedure that was key to the process of integrating former ABN AMRO Bank (Luxembourg) staff members. One aspect of setting up this procedure was providing the "Wëllkomm App" to help new staff members settle in at the company and support them throughout the integration process. In early 2019, the Bank's efforts in favour of staff members received recognition in the form of the prestigious "Top Employer Luxembourg" award, which the Bank won for the fourth consecutive year.

A century of serving clients

2019 marks the 100th anniversary of the founding of BGL BNP Paribas. The deed of incorporation of Banque Générale du Luxembourg was signed on 29 September 1919. Created on the initiative of Société Générale de Belgique, the Bank's mission was to "serve the southern region of the Belgian Province of Luxembourg and the Grand Duchy".¹

The Bank has held fast to this commitment over the decades by constantly developing its business in Luxembourg and establishing a branch network covering the entire country. Partner of choice for a client base composed of individuals, professionals and companies whose plans and investments it backs, BGL BNP Paribas is now an integral part of the socio-economic fabric and one of the country's leading banks. It has made a significant contribution to the growth of Luxembourg's financial sector and plays a major role in financing the Luxembourg economy.

Celebrations to mark the 100th anniversary of the founding of BGL BNP Paribas will begin in the week commencing 17 June 2019 and include an official ceremony as well as events for clients and staff.

Recognised expertise

In 2018, BGL BNP Paribas was named “Best Bank in Luxembourg” by *Euromoney* for the third year in a row, and “Bank of the Year” by *The Banker*. These two awards reflect the Bank’s capacity for transformation and innovation, which are key factors in successfully responding to the challenges faced by the bank of tomorrow and to offer solutions that meet changing client expectations.

¹ *Belgique-Luxembourg, Les relations belgo-luxembourgeoises et la Banque Générale du Luxembourg (1919-1994)*, Gilbert Trausch, p. 284

BGL BNP Paribas’ Annual Report for the year to 31 December 2018 is available in French at www.bgl.lu

About BGL BNP Paribas

BGL BNP Paribas (www.bgl.lu) is one of the largest banks in Luxembourg and part of the BNP Paribas Group. It offers an especially wide range of financial products and bancassurance solutions to individuals, professionals, businesses and private banking clients. At end 2018, BGL BNP Paribas employed 2.474 people in Luxembourg.

In 2018, BGL BNP Paribas was named “Bank of the Year” in Luxembourg by *The Banker* and “Best Bank in Luxembourg” for the third year in a row by *Euromoney*.

About BNP Paribas

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 73 countries, with more than 196,000 employees, including more than 149,000 in Europe. The Group has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. The Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance.

In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the European leader in consumer lending. BNP Paribas is rolling out its integrated retail-banking model in Mediterranean countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

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